GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:35
ANSWERED ON:17.10.2008
LOANS TAKEN BY CORPORATE HOUSE
Dubey Shri Chandra Shekhar

Will the Minister of FINANCE be pleased to state:

(a) whether the loans obtained by Corporate Houses from various Public Sector Banks and Financial Institutions are not being returned regularly;

(b) if so,the details of defaulters;and

(c) the steps taken/being taken to recover the loans?

Answer

The Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a) to (c): The banks/financial institutions recover their outstanding loans in accordance with their loan recovery policies.

To improve the health of financial sector,to reduce the NPAs,to improve asset quality of the banks and to create a good recovery climate, Reserve Bank of India (RBI) and the Government of India have taken various steps to improve the asset quality of the banks which,inter-alia,include prescribing prudential norms for provisioning and classification of non-performing assets,guidelines for prevention of slippages, introduction of Corporate Debt Restructuring mechanism,One Time Settlement schemes,enactment of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act,2002,the Credit Information Companies (Regulation) Act, 2005, and the Recovery of Debts due to Banks and Financial Institutions (DRT) Act,1993 etc.

Further,RBI disseminates list of non-suit filed `doubtful` and `loss` borrowal accounts of Rs. 1 crore and above on half-yearly basis (i.e. as on 31 st March and 30th September) to banks and Financial Institutions (FIs) for their confidential use. The list of non-suit filed accounts of wilful defaults of Rs.25 lac and above is also disseminated on quarterly basis to banks and FIs for their confidential use. Further, Credit Information Bureau (India) Limited is maintaining a database on suit-filed accounts of Rs. 1 Crore and above and non suit-filed accounts (wilful defaulters) ofRs. 25 Lakhs and above.The information can be accessed at CIBIL website www.cibil.com.

Due to concerted efforts made by the public sector banks,their gross NP As have reduced from 3.71 % in 2006 to 2.81 % in 2007 and 2.34% in 2008.